ISERD
המינהלת הישראלית למו"פ האירופי
Israel-Europe R&I Directorate
EIC Accelerator Pilot
in Horizon2020
רשות החדשנות
Israel Innovation
Authority
Ministry of Science
Technology & Space
COUNCIL FOR HIGHER EDUCATION
PLANNING & BUDGETING COMMITTEE

Israel Innovation Authority

- The country's public entity which **supports** and **funds** local innovation, industrial research & development.
  (former name: "**O**ffice of the **C**hief **S**cientist")

Divisions of the Israel Innovation Authority

- Startup
- Growth
- Technological Infrastructure
- International Collaboration
- Advanced Manufacturing
- Societal Challenges
- **ISERD**

- **ISERD** – Israel-Europe R&I Directorate:

"Your Israeli gateway to cooperation in research and innovation with Europe"

- ISERD is the NCP for **H2020 in Israel**, and aims at maximizing the Israeli participation in the **FPs**

ISERD המינהלת הישראלית למו"פ האירופי Israel-Europe R&I Directorate

רשות החדשנות Israel Innovation Authority | Ministry of Science Technology & Space | Council for Higher Education

Horizon2020

Excellent Science

- European Research Council
- Future & Emerging Technologies
- Marie Sklodowska-Curie Actions
- Research Infrastructures

Industrial Leadership

Leadership in Enabling & Industrial Technologies

- ICT
- Nano, New Material
- Biotechnology
- Space

Access to Risk Finance

Innovation in SMEs

Societal Challenges

- Health
- Food
- Energy
- Transport
- Climate
- Inclusive Societies
- Security

Spreading Excellence

Science for Society

EIT | JRC | Euratom

SME* (In Horizon 2020)

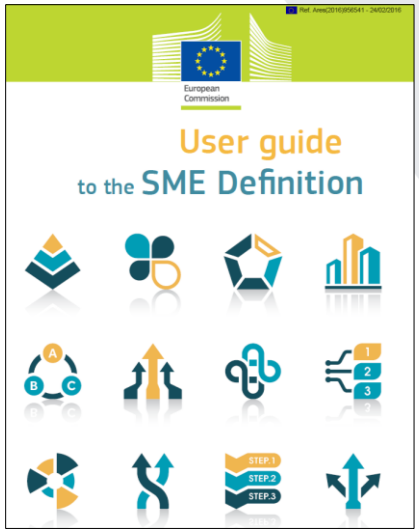
*SME = Small to Medium Size Enterprise:

1. less than 250 employees, and
2. less than 50 million Euros in annual turnover *or* less than 43 million Euros of balance sheet

(Established in the EU or in an Associated Country)

SME definition – it is not that obvious!

Staff **headcount** + **Turnover** or **balance sheet total**



Is the enterprise **autonomous**, **partner** or **linked**?

Shareholders can be foreign but **economic activity should be in Israel (and Europe)!**

- **More info:**
  - Link to the SME definition, self-assessment and guide
  - **GROW-SME-DEFINITION@ec.europa.eu**

EIC Accelerator

For breakthrough market-creating innovations, radically new products services processes or business models

How does the Accelerator work?

For developing and scaling up **high-risk innovations**

Grant funding of **up to €2.5 million** – 70% of costs

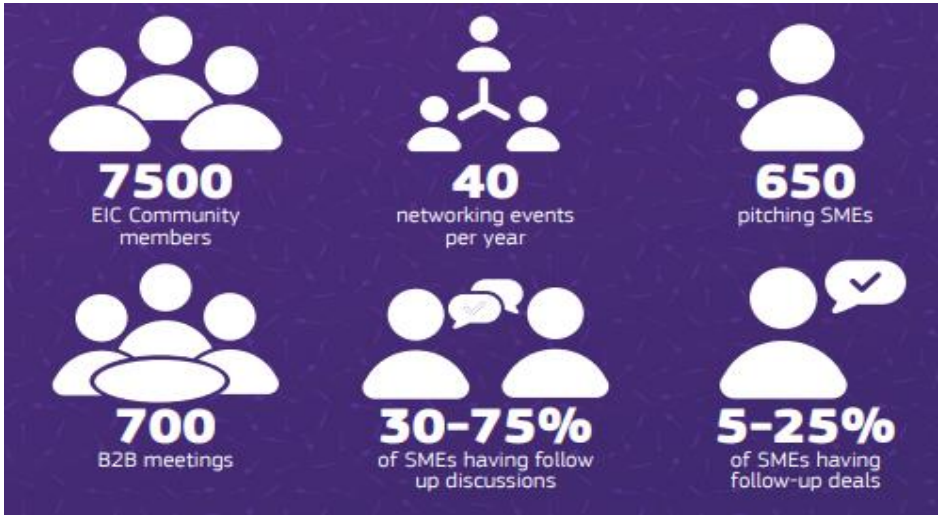
All funding is open – **no predefined thematic areas**

Option of an equity investment of **up to €15 million**

Access to EIC **coaching and mentoring services**, pitches with corporates, VCs, etc.

Taken from EC Flyer

Business Acceleration Services

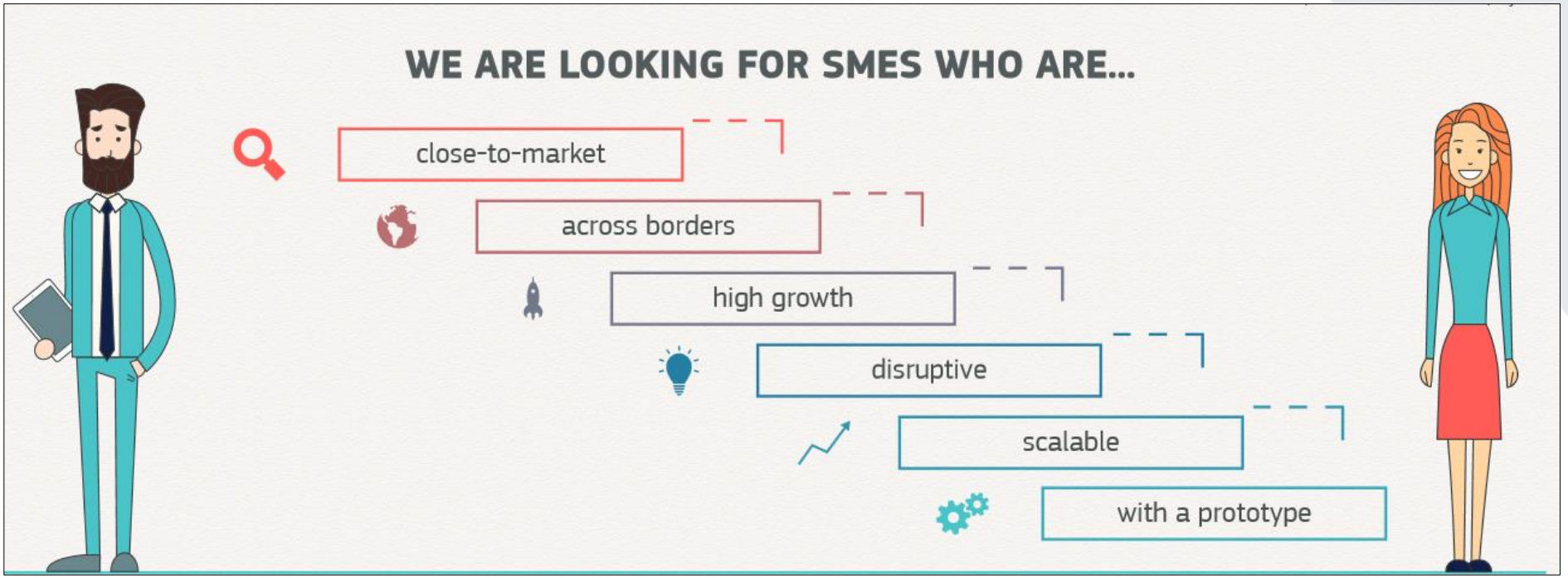


EIC partners

MERCK, eban, Innovate UK, TechTour, BMW, Veolia, Sonae, Unilever, orange, Telefónica, Airbus Group, Iberdrola, Medtronic, Solvay, comdirect, MAN, Suez, Saint-Gobain, equinor, ferrovial, P&G, Roche, ABB, Enel, Vinci, Euronext, Nasdaq, Electrolux, Evonik

Taken from the EC Impact report of the EIC Accelerator/SME Instrument

Who should apply?

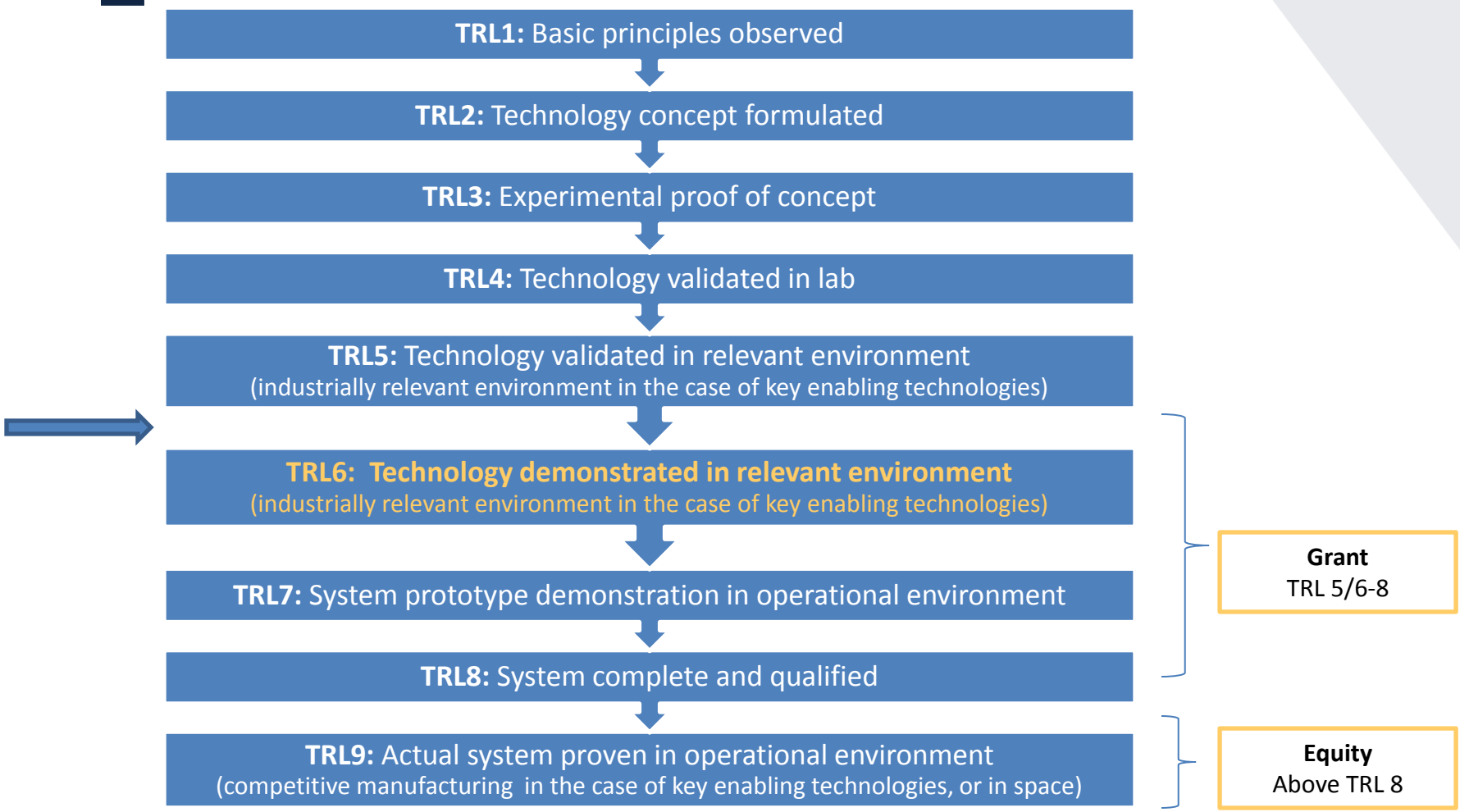


- Main aim: foster innovative SMEs' growth
- Cross the demonstration-phase "valley of death";
- Close the gap between seed and early-VC-funding

In any case

- Emphasize **need for EIC funding** and correlation to the SME's overall financial needs;
- '**non-bankable**' -Emphasize high-risk and market-failure, that the project is not appealing enough to attract sufficient funding

Technology Readiness Level

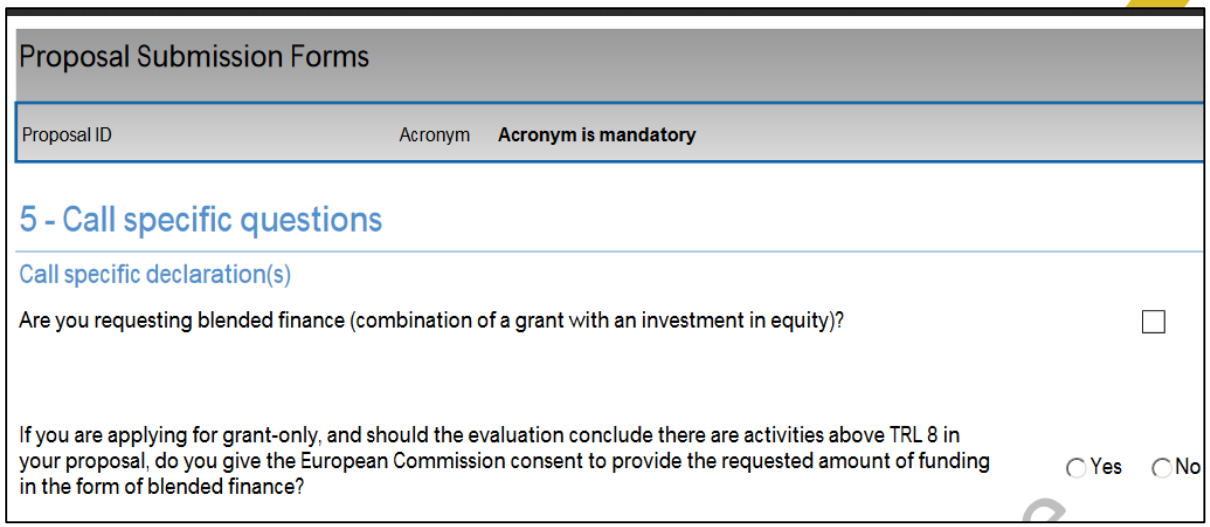


Grant versus equity

[2] *Grant support provided by the EIC Accelerator Pilot covers Technology Readiness Levels from 6 (technology demonstration) to 8 (system completed and qualified). Where relevant, your innovation should have completed earlier Technology Readiness levels (for example Proof of Concept and validation in a laboratory environment). Non-technological innovations will also be supported at equivalent levels of development. For blended finance, the equity investment may cover all activities needed to develop and scale up your innovation, including close to market (Technology Readiness Level 9).*

SMEs requesting grant-only must demonstrate their ability to secure other resources for the activities above TRL8!!

Did you tick the box?



Proposal Submission Forms

Proposal ID Acronym **Acronym is mandatory**

5 - Call specific questions

Call specific declaration(s)

Are you requesting blended finance (combination of a grant with an investment in equity)? ☐

If you are applying for grant-only, and should the evaluation conclude there are activities above TRL 8 in your proposal, do you give the European Commission consent to provide the requested amount of funding in the form of blended finance? ○ Yes ○ No

If yes… And if not…

If you are applying for grant only, and should the evaluation of your proposal conclude that you are requesting grant also for activities above Technology Readiness Level (TRL) 8[2] in your proposal, the European Commission can provide the requested amount of funding for said activities in the form of blended finance, provided that you give your **consent** in the dedicated call specific question.

- In the absence of such consent, applicants will not be considered for blended finance. If applicants cannot demonstrate that they have the ability to secure resources for the activities above TRL 8, the proposal will be rejected. If such an ability is properly demonstrated, you can receive the grant requested reduced by the budget of the Work Package(s) containing activities above TRL 8
- Where consent is given, applicants of proposals selected to be funded will receive a blended finance offer. The grant part will be the requested amount in the proposal, reduced by the budget of the Work Package(s) containing activities above TRL 8. The equity part will include the sum of the budget for the Work Package(s) containing activities above TRL8.

Accelerator *grant* component: What is the money for?

How much? 0.5-2.5 M €

(70% funding rate)

How long? ~2 years project

Eligible activities: Piloting, testing, demonstration, validation, scaling-up production, performance verification, development, clinical trials, design etc.

(Focusing on *innovation activities,* the *implementation of an innovation idea*)

What for? Developing a business concept into a market-ready product, service or process, aligned with the company's growth strategy.

Greater goal: go find the next UNICORN; commercialization; maturity for market take up

How are the winners chosen?

Excellence	**Impact**	**Implementation**
Innovation (and technology) *feasibility of market introduction*	Business, benefits *potential to scale-up, commercialization strategy, associated financial needs*	Execution *Team, 'bankability', leveraging of investments, ** Financing needs, and, Role of EIC support*****

33% for each criterion; each gets 0-5 points

Threshold to be considered for funding is 13 – "Seal of Excellence"
(but actual funding requires a much higher grade)

And then… interview in Brussels!

What is the evaluation criteria in the interview?

The specific comments included in the ESR reply to the following questions:

- **Implementation**
  - **The team**: Does the team have the capability and motivation to implement the innovation proposal and bring it to the market?
  - **Leveraging of investment**: Is the company facing major difficulties in leveraging sufficient investment from the market due to the risk profile or market-gap?
- **Impact**
  - **Commercial strategy**: Are the business model and commercialization
  - **Potential to scale up and associated financial needs:** does the innovation have the potential to scale up the applicant's company? Are the associated financial needs well assessed and realistic?
- **Excellence**
  - **The feasibility of the idea:** Does the innovation – through its degree of novelty or disruptiveness – have the potential to create a new market or significant impact in existing ones? Is the timing right for this innovation (i.e. feasibility, market readiness)?

"Bankability"

- **Your interviewers are not necessarily experts in your field!!!**
- **Prepare for a prefect charismatic pitch!**

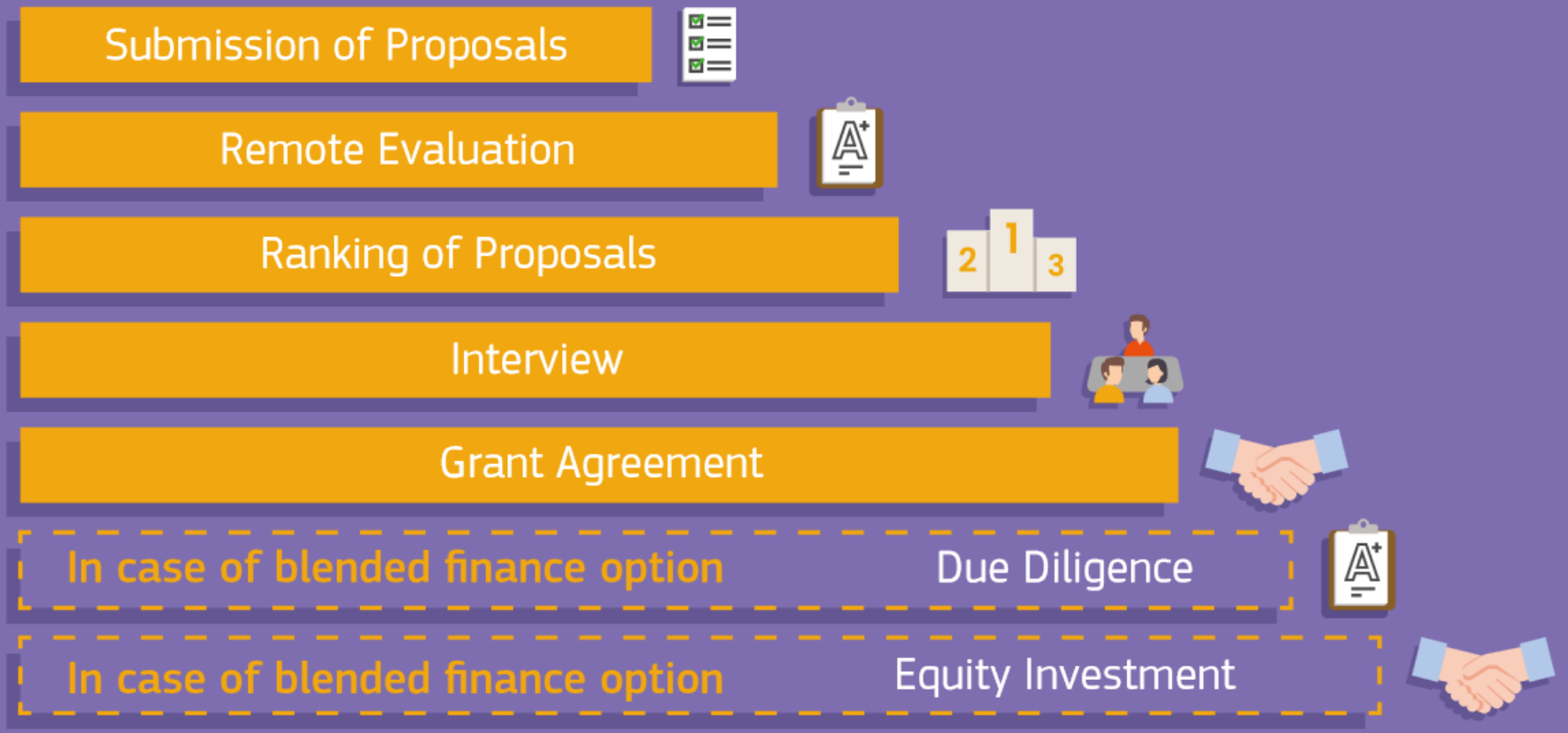
Why do you need the EIC funding?

Some examples…

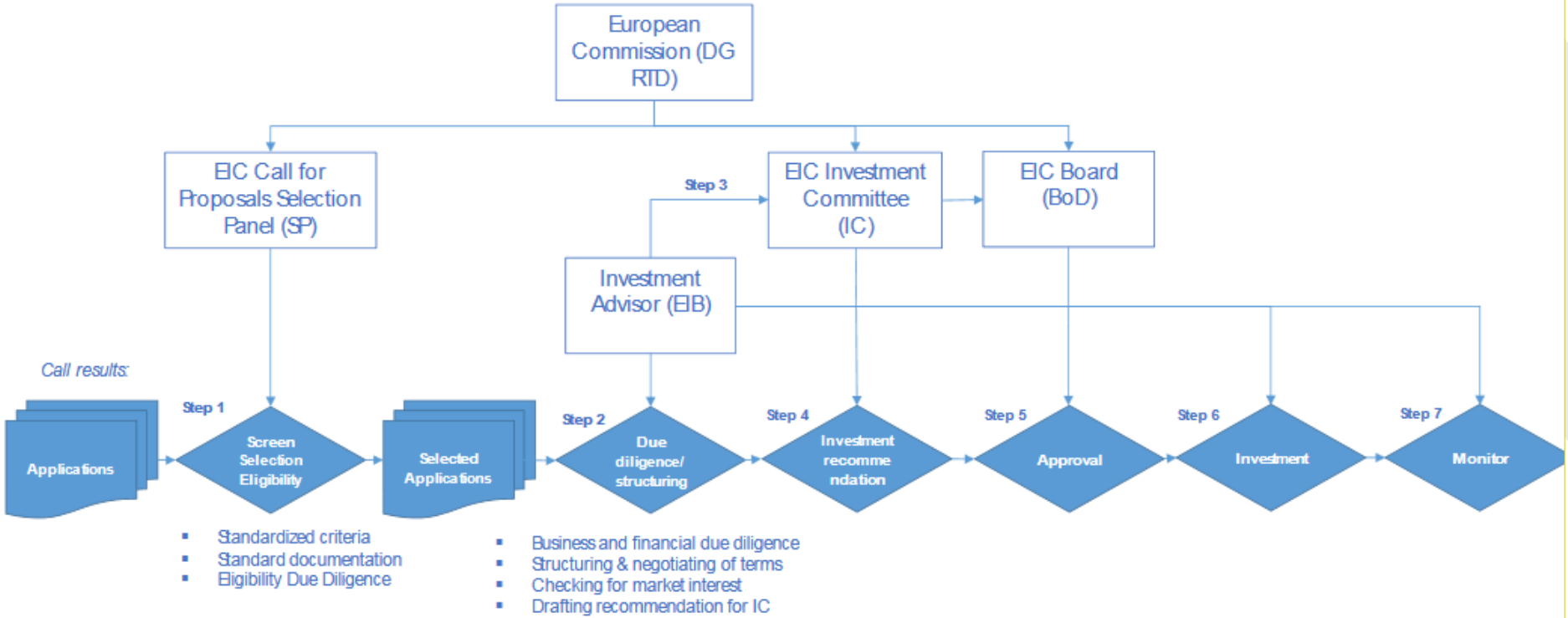
- Rapid market access, first mover advantage
- Maintain the competitive advantage
- It is a public challenge that needs public money
- De-risking and leveraging further needed investments
- High risk
- Similar successful companies needed similar amounts of funding and time to commercialize

ACCELERATOR PILOT

STEP-BY-STEP



EIC Fund Investment Process (illustrative)



https://ec.europa.eu/easme/sites/easme-site/files/eic_accelerator_fund_pilot_investment_guidelines_for_applicants.pdf

Due Diligence

- After selection for funding:
  1) An invitation for Grant Agreement Preparation,
  2) An **invitation to negotiate the Union equity support with the EIC Fund** – beginning of **due diligence (DD)**

- DD done by "Investment Advisor" (EIB) or co-investors: **aims to define the characteristics of a tailor-made investment agreement fitting the needs of the company and project**.
- Additional documents on a case-by-case-basis for assessing

- The EIC Fund will use the process and outcome of the DD in **a match-making process**, i.e. **search of co- or alternate investors**, with a vetted community of EU investors ; In order to have sufficient elements for a decision.

"The **Four-Buckets Scenarios**"

- In case of co-investors, the latter would usually lead the **valuation process**; it is **negotiable** and has to be agreed by all sides
- If no co-investors, most likely the EIC Fund will make the investment via a **convertible note**; or will **follow commonly-used valuation methods case-by-case**

- **'Silent' investor**:
  In case of co-investment: the EIC Fund will not interfere in the daily operations
- In case of EIC Fund being sole investor: the Fund will strive to secure mentoring for the company
- EIC Fund may secure an observer seat where appropriate

- EIC Fund will be targeting **equity stakes between 10% and 25%**
- **Exit** considered on average after 7-10 years (maximum 15), no obligations of return

- More info:
1. Guide for applicants,
2. FAQs,
3. Investment Strategy Guidelines

Highlights

- **Only one participant** (not a consortium)
- Fully **bottom-up**; classification by **keywords**
- Evaluation process done “through an investor’s eyes”
- Application size is **30 pages**
- **No dilution for the grant**; 70% funding + 25% overhead

How is the funding of the *grant* calculated?

- **70%** funding of the project
- **25% overhead** (=**indirect costs**) calculated automatically from **direct costs** and **other direct costs**

Example:

- **Direct costs** (personnel, travel, equipment) = **100 Euros**
- **Subcontracting** = **50 Euros**
- **Overhead (=Indirect costs)** calculated from the direct costs of 100 Euros: **25 Euros**
- **Overall budget of the project: 175 Euros**
- **EU contribution of 70%: 122.5** Euros (70% of 175)

Deadlines

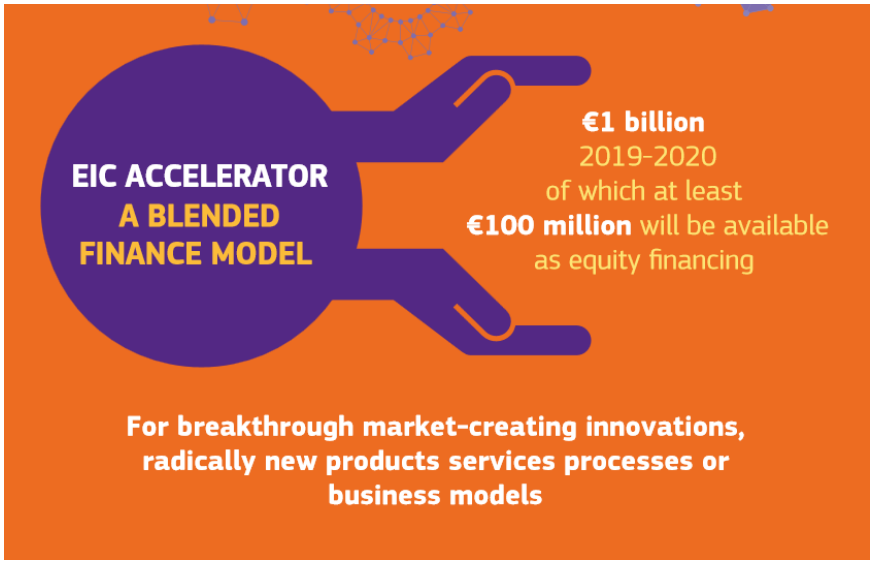
EIC Accelerator	Interview Week 2020
18 March 2020	**2nd cut-off date: 4-8 May**
19 May 2020	3rd cut-off date: 29-3 July
07 October 2020	4th cut-off date: 16-20 November

Max. 3 direct employee for the company interview

Budget of the program

https://ec.europa.eu/research/participants/data/ref/h2020/wp/2018-2020/main/h2020-wp1820-eic_en.pdf

Budget of the EIC Accelerator pilot (SME Instrument)[43]	€ million		
	2018	**2019**	**2020**
Overall indicative budget*/**	479.74	689.26	654
Phase 1 *divided equally between cut-off dates in each year*	10%	6%	-
Phase 2 Grants *divided equally between cut-off dates in each year*	87%	85.6%	89%
Phase 2 Equity support	-	5.4%	8%



Israel statistics 2014-2019

Phase 2/EIC Accelerator Israeli winning companies (77)

(~2000 per cut-off, ~55 funded projects per cut-off)

Year	*Number of Israeli winners*
2014	5
2015	6
2016	5
2017	13
2018	17
2019	**31**

Israel statistics 2019

Phase 2/EIC Accelerator Israeli winning companies (31)

Cut-off	*Number of Israeli winners*
1st	7*
2nd	6
3rd	9
4th	9

Cut-off	European success rate (funded projects out of submissions)
1	3.6%
2	4.4%
3	4.6%
4	4%

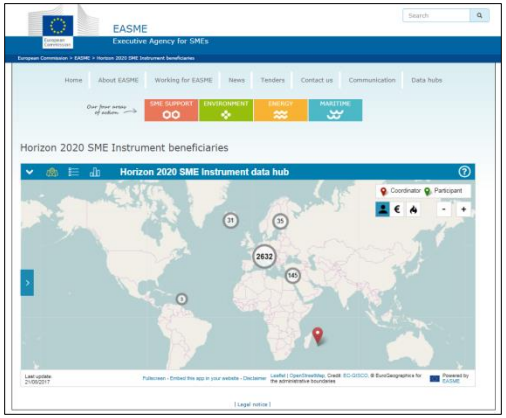
Israeli winners out of Israeli participants
5.1%
4.3%
5.2%
5.4%

How can ISERD assist?

- Ongoing **guidance and support in submission**
- ISERD website**-** **SME Department** (**webinars**, guides, links and more)
- Guidance before interviews in Brussels
- **Red Team for EIC Accelerator** (It is free…!)
  - Preliminary review of Israeli proposals before the submission, by expert evaluators from the IIA.
  - The draft proposal must be final and sent to ISERD at least one month before the deadline!
  - For returning submitters (with a grade 13+) or Phase 1 / 2 winners

Sources for more information

ISERD's website!



Accelerator \ SME Instrument Data hub

Submitting the proposal:
Funding and Tender portal SME-EIC call

SEDIA IT Helpdesk contact form,
Phone: +32229 92222
Email: ec-sedia-support@ec.europa.eu

Follow SME on **twitter**, **linkedin**, **EIC website**s, etc

You can address general questions to:
Research Enquiry Service

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